



Department of Finance Canada  
Ministère des Finances Canada

MEMORANDUM NOTE DE SERVICE

TO : Paul Rochon

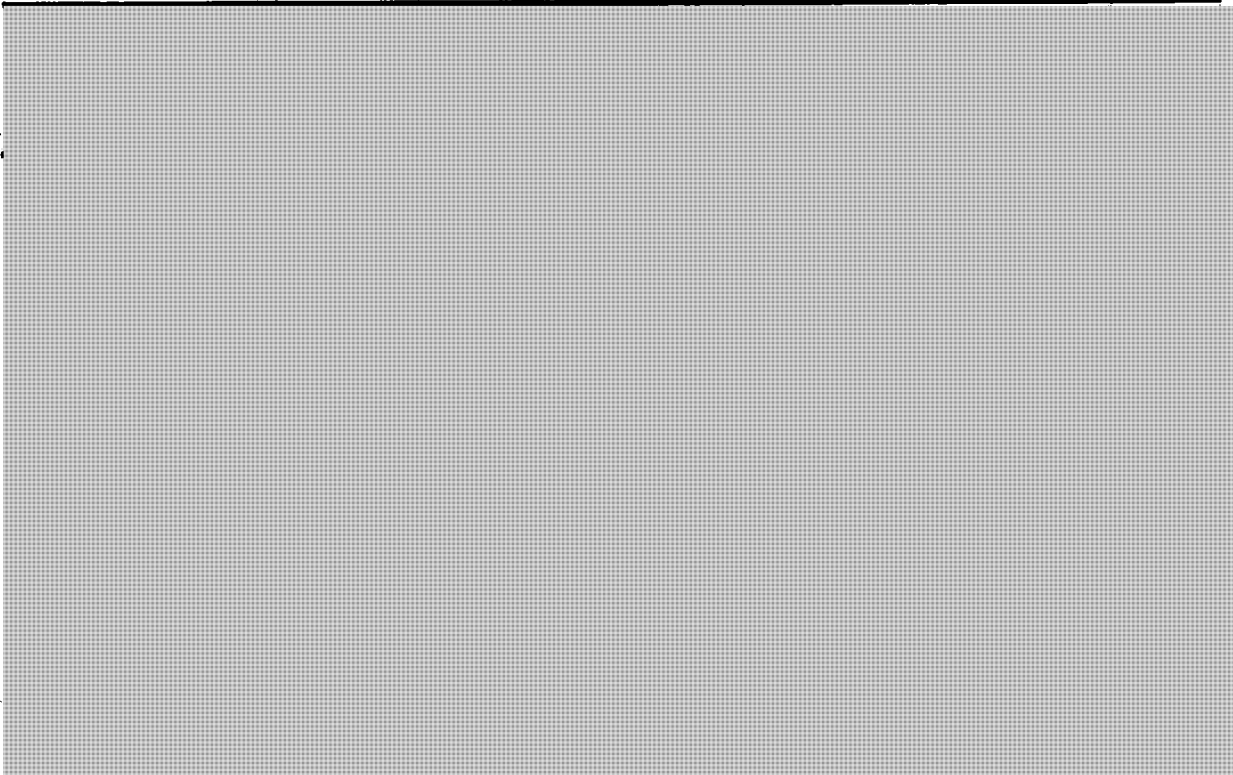
Memo to Deputy Minister (7)  
DMO 4  
Assoc. DM & G7 Deputy (RS) 1  
ADM / Registry / 2

FROM  
DE

Richard Botham

Security classification	Classification de sécurité
SECRET	
Originator/Telephone number	Auteur/Numéro de téléphone
Katherine Aciro	
Our file	Notre référence
Your file	Votre référence
2018FIN467703	
Date	JAN 23 2018

SUBJECT  
OBJET  
National Shipbuilding Strategy Policy Refresh



Background

Announced in June 2010, the NSS is a long-term plan to renew fleets of the Royal Canadian Navy (RCN) and Canadian Coast Guard (CCG). The objectives of the strategy are to:

- Renew the RCN and CCG fleets in a timely and affordable manner;
- Create a sustainable marine sector in Canada; and,
- Encourage economic benefits for Canadians.

A key feature of the NSS was a decision to build vessels in Canada. Following a national competitive process, two Canadian shipyards were identified as strategic sources of supply:

ADM: Richard Botham (613-369-3623)  
Director General: Evelyn Dancely (613-369-3642)



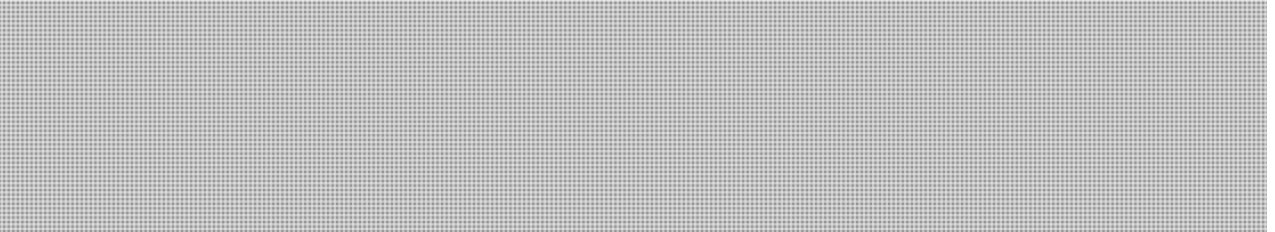
s.69(1)(g) re: (a)

s.69(1)(g) re: (e)

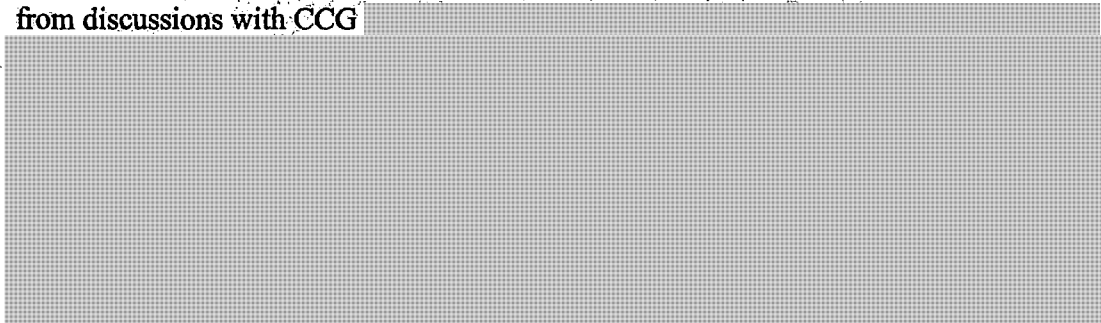
Irving Shipbuilding International (ISI) for the Combat package and Vancouver Shipyards (VSY) for the Non-Combat package.

Communicated achievements under the NSS typically focus on economic benefits. As part of the new strategic relationship, the two shipyards made significant investments to upgrade their facilities to meet the requirements of a modern Canadian fleet, including \$170 million at VSY and \$350 million at ISI. Together the shipyards directly employ 2,770 individuals, and have contracts with suppliers from across Canada.

There has also been tangible progress with respect to ship construction. On December 8, 2017, VSY launched the first Offshore Fisheries Science Vessel (OFSV) – the first large vessel designed and built under the NSS. ISI has also fully assembled the three “mega-blocks” of the first Arctic Offshore Patrol Ship (AOPS), to make up the entire vessel.



- **At ISI:** The Combat package of ships includes 5-6 AOPS and 15 Canadian Surface Combatants (CSC). ISI recently revised its construction schedule to reflect delays in the delivery of AOPS vessels of up to six months. ISI is also forecasting a production gap between the construction of the AOPS and the CSC that will likely start in 2019. The timing and scale of the gap is dependant on whether there will be sufficient funding available to exercise an option for a 6<sup>th</sup> AOPS after accounting for cost escalation, as well as the timing of the design schedule for the CSC.
- **At VSY:** The Non-Combat package of ships includes 3 OFSVs, 1 Offshore Oceanographic Science Vessel (OOSV), 2 Joint Support Ships (JSS), and 1 Polar Icebreaker. For the OFSVs, which are currently under construction, we understand from discussions with CCG



s.18(b)

s.20(1)(b)

s.20(1)(c)

s.21(1)(a)

s.21(1)(b)

**Pages 3 to / à 6**  
**are withheld pursuant to sections**  
**sont retenues en vertu des articles**

**69(1)(g) re: (a), 69(1)(g) re: (e)**

**of the Access to Information Act**  
**de la Loi sur l'accès à l'information**

**Pages 7 to / à 25**  
**are withheld pursuant to section**  
**sont retenues en vertu de l'article**

**69(1)(a)**

**of the Access to Information Act**  
**de la Loi sur l'accès à l'information**



Department of Finance  
Canada

Ministère des Finances  
Canada

For Signature by / Information of À signer par / Pour l'information de	
Deputy Minister	
Prepared by (name/initials/division) Préparé par (nom/initiales/division)	
Katherine Aciro	
Microeconomic Policy Analysis	
In consultation with (name/initials/branch(es)/division(s)) En consultation avec (nom/initiales/direction(s)/division(s))	
Approved by / Approuvé par	
Director Directrice / Directeur	Ed Malota
Director General Directrice générale / Directeur général	Evelyn Dancey
Associate ADM Délégué Sous-ministre-adjoint	Soren Halverson
Assistant Deputy Minister Sous-ministre adjoint	Richard Botham <i>RB</i>
Clifford Clark Visiting Economist Économiste invité Clifford Clark	
Associate Deputy Minister & G7 Député for Canada Sous-ministre délégué et représentant du Canada au G7	Rob Stewart
Associate Deputy Minister Sous-ministre délégué	
Deputy Minister Sous-ministre	Paul Rochon
<input type="checkbox"/> Deputy Minister to see Sous-ministre à voir	
Remarks / Remarques:	
SUBJECT / OBJET: NATIONAL SHIPBUILDING STRATEGY POLICY REFRESH	
FOR (ACTION - Date) / (INFORMATION)(DECISION - Date)	
File no. / No de dossier	Date
2018FIN467703	JAN 23 2018

Associate Deputy Minister & G7 Deputy for Canada Sous-ministre délégué et représentant ( Sign on behalf of DM ) du Canada au G7 ( Signer au nom du SM )	<input type="checkbox"/>
Associate Deputy Minister Sous-ministre déléguée ( Sign on behalf of DM ) ( Signer au nom du SM )	<input type="checkbox"/>
Assistant Deputy Minister Sous-ministre adjoint(e) ( Sign on behalf of DM ) ( Signer au nom du SM )	<input type="checkbox"/>